

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PM-03 H-02 L-02

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 TRSE-00

OPIC-03 CEA-01 /080 W

----- 027276

R 241214Z APR 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 8771

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

AMEMBASSY LONDON

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E. O. 11652: N/A

TAGS: EAIR, FR

SUBJ: CIVAIR: AIR FRANCE AIRCRAFT PROCUREMENT

REF: PARIS 5280 NOTAL, PARIS 5281 NOTAL

1. SUMMARY--NOTWITHSTANDING EARLIER STATEMENTS BY CHIRAC AND FOURCADE, GOF APPEARS NOT YET HAVE TAKEN DECISION WHETHER REOPEN MERCURE ASSEMBLY LINE AND FORCE AIR FRANCE BUY MERCURES. WE HAVE ALERTED DREE OUR INTEREST THIS SUBJECT. AIR FRANCE IS QUIETLY LOBBYING AGAINST MERCURE. BOEING CLAIMS SEE GROWING "ANTI-BOEING" SENTIMENT, BUT THIS COULD SIMPLY REFLECT BOEING CONCERN DC-9 MIGHT EMERGE AS COMPETITOR WITH 737. AIR FRANCE TELLS US LATEST ENTRY, AND PERHAPS SERIOUS ONE, IS BRITISH BAC-111, WHICH SOME IN GOF MAY NOW FAVOR AS "EUROPEAN" SOLUTION.

2. WE REPORTED EARLIER THIS MONTH PRIME MINISTER CHIRAC'S REMARK TO AMBASSADOR THAT HE HAD "ORDERED"

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AIR FRANCE TO BUY MERCURES AS REPLACEMENT FOR CARAVELLES.

HOWEVER, FINAL DECISION WOULD APPEAR NOT YET TO HAVE BEEN TAKEN, FOR WE UNDERSTAND THAT INTER-MINISTERIAL COMMITTEE STILL HAS TO MEET TO DETERMINE WHETHER RECOMMEND TO CABINET THAT MERCURE ASSEMBLY LINE BE REOPENED. MEETING HAS BEEN AT LEAST TWICE POSTPONED, BUT WE ARE TOLD THAT IT MAY NOW TAKE PLACE BY THE END OF THIS WEEK.

3. THERE IS SOME INDICATION FINANCE MINISTER FOURCADE IS BACKING AWAY FROM HIS INITIAL, UNCOMPRO-MISING STANCE IN FAVOR OF MERCURE. PRESS REPORTS HE STATED RECENTLY AT LIMOGES HE WOULD NOT STAND IN AIR FRANCE'S WAY IF AIR FRANCE HAD GOOD REASONS PREFER REPLACEMENT AIRCRAFT OTHER THAN MERCURE. DREE OFFICIAL HAS ALSO TOLD US SENTIMENT WITHIN FINANCE MINISTRY IS THAT FOURCADE IS EMBARRASSED BY HIS INITIAL OUTBURST THIS SUBJECT AND IS ANXIOUS TO GET OFF THE HOOK.

4. MINECON ASKED DE MOREL, HEAD OF DREE, FOR CLARIFICATION OF FOURCADE REMARKS, AND NOTABLY HIS REFERENCE TO BALANCE OF PAYMENTS REASONS DICTATING CHOICE OF MERCURE. DE MOREL SAID NOTHING HAD YET BEEN DECIDED PENDING INTERMINISTERIAL DELIBERATION, BUT HE ASSURED US THAT IF AIR FRANCE WAS MADE TO BUY MERCURE IT WOULD NOT BE FOR BALANCE OF PAYMENTS REASONS BUT SIMPLY TO GIVE BUSINESS TO FRENCH AIRCRAFT INDUSTRY.

5. JACQUES ALEXANDRE, DIRECTOR OF TECHNICAL DEVELOPMENT AT AIR FRANCE AND SENIOR STAFF OFFICIAL CONCERNED WITH FLEET REPLACEMENT, MAKES NO BONES OF HIS STRONG PREFERENCE FOR 737 AS REPLACEMENT FOR CARAVELLES. HE DISMISSES MERCURE AS WHOLLY INADEQUATE FOR INTEGRATION INTO AIR FRANCE'S EUROPEAN ROUTE NETWORK, WHERE REPLACEMENT AIRCRAFT FOR CARAVELLE MUST HAVE PARIS-BEIRUT NON-STOP RANGE CAPABILITY. (HE SAYS AIR INTER HAS FOUND ITS MERCURES CANNOT FLY PARIS-CORSICA NON-STOP WITH FULL PAYLOAD OF 150 PASSENGERS.) HOWEVER, AIR FRANCE IS LIMITED OFFICIAL USE

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TOTALLY DEPENDENT ON GOF FOR FINANCING OF FLEET REPLACEMENT. AIR FRANCE HAS NONETHELESS BEEN QUIETLY YET ACTIVELY LOBBYING IN GOF AND INDUSTRY CIRCLES AGAINST MERCURES BY APPEALING TO SELF-INTEREST IN ARGUING THAT IF GOF ANTICIPATED 1.2 BILLION FR. TO REOPEN MERCURE ASSEMBLY LINE THEN THIS CAN ONLY BE AT EXPENSE SOME OTHER AEROSPACE PROJECT. AS A RESULT, AIR FRANCE HAS WON OVER TO THE

ANTI-MERCURE CAMP RAVAUD, HEAD OF SNECMA, WHO WANTS TO ENSURE ADEQUATE FUNDING IS AVAILABLE FOR PRODUCTION OF CFM-56 ENGINE, AS WELL AS TOP MANAGEMENT OF AEROSPATIALE THAT HOPES TO OBTAIN GOF FUNDING FOR DEVELOPMENT OF LONG RANGE AIRCRAFT AS REPLACEMENT FOR 707.

6. HANS OTT, LONDON-BASED BOEING REP, PROFESSES TO

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BE CONCERNED ABOUT WHAT HE CLAIMS IS "ANTI-BOEING" SENTIMENT GROWING WITHIN AIR FRANCE AND IN FRENCH GOVERNMENT AND INDUSTRY CIRCLES. HOWEVER, THIS COULD BE ONLY COUNTER-REACTION TO POSSIBILITY MCDONNELL DOUGLAS COMPETITION MIGHT NOT BE ENTIRELY RULED OUT. OTT TELLS US THAT BOEING LEARNED CLAUDE ABRAHAM, DIRECTOR OF AIR TRANSPORT AT SGAC, MADE QUIET TRIP TO MCDONNELL DOUGLAS PLANTS IN US RECENTLY IN EFFORT

INTEREST DOUGLAS IN DEAL INVOLVING DC-9 AND AIRBUS (PARIS 2529 NOTAL). THIS RECALLED TO US THAT WHEN WE DISCUSSED MERCURE QUESTION BRIEFLY WITH ABRAHAM LAST WEEK, HE HAD MADE SMUG REFERENCE TO POSSIBILITY OF DC-9 RATHER THAN 737 BEING REPLACEMENT FOR CARAVELLES.

7. PRESENT CONTROVERSY OVER REPLACEMENT OF ABOUT 40 CARAVELLES (INCLUDING THOSE OPERATED BY AIR FRANCE SUBSIDIARIES) TENDS TO OVERSHADOW PROBLEM OF LIMITED OFFICIAL USE

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REPLACEMENT OF AIR FRANCE'S 18 BOEING 707-A'S. IN ALEXANDRE'S VIEW, 707 REPLACEMENT MAY BE EVEN MORE URGENT, SINCE 707-A'S ARE TOO OLD AND WOULD BE TOO COSTLY FOR ENGINE RETROFIT, WITH RESULT AIR FRANCE WILL SOON BE UNABLE OPERATE THEM ON US ROUTES BECAUSE OF INABILITY MEET US NOISE STANDARDS.

8. FURTHER CONVERSATION WITH ALEXANDRE (APRIL 21) HAS REVEALED A NEW AND TROUBLING DEVELOPMENT. HE INFORMED US THAT LATEST ENTRY IN THE FIELD FOR CARAVELLE REPLACEMENT, AND WHICH SEEMED TO BE THE FRONTRUNNER AT THIS TIME, WAS THE BRITISH BAC-111. HE SAID THAT FOR POLITICAL REASONS SOME IN GOF SEEMED FAVOR BAC-111 AS A "EUROPEAN" SOLUTION, WHICH WOULD ALSO OPEN UP TRADE-OFF POSSIBILITIES WITH THE BRITISH. (COMMENT: BAC-111 SPECS WOULD APPEAR NOT ENTIRELY CORRESPOND TO AIR FRANCE NEEDS: WHILE BAC-111 (500) RANGE IS SOMEWHAT LONGER THAN MERCURE'S, IT IS ONLY LITTLE MORE THAN HALF THAT OF 737 WITH ROUGHLY SAME PAYLOAD.) RUSH

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